

NASS

Monthly Ag. Newsletter

NASS-NF8

"The Factfinders for U.S. Agriculture"

MARCH 1998

The NASS monthly newsletter is published by the U. S. Department of Agriculture, National Agricultural Statistics Service (NASS), 1400 Independence Avenue, S.W., Washington, D.C. 20250.

For your convenience, all NASS reports are available free of charge on the Internet: <http://www.usda.gov/nass/> or via autofax by dialing 202-720-2000 from your fax machine.

For further information on these topics e:mail your inquiry to nass@nass.usda.gov, or call 800-727-9540.

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Oranges.** As of March 1, U.S. orange production for the 1997-98 season was forecast at a record large 14.2 million tons, down 1% from the February forecast but 11% above the previous record set last season. Florida's production was forecast at 251 million boxes (11.3 million tons), down 1% from February but 11% above last season. The extremely wet season in Florida has had an effect on fruit quality, with some loads being turned down at processing plants. Florida's early-midseason forecast was 143 million boxes (6.44 million boxes), 2% less than a month ago but 7% above last year. The Florida Valencia forecast remained unchanged from February at 108 million boxes (4.86 million tons), 17% above a year ago.

♦**Florida Frozen Concentrated Orange Juice (FCOJ) Yield:** The Florida frozen concentrated orange juice (FCOJ) yield for the 1997-98 season is 1.56 gallons per box at 42.0 degrees Brix. The forecast projects the final yield as reported by the Florida Citrus Processors Association. Projected average yield for 1997-98 early and midseason varieties is 1.50 gallons per box compared to 1.52 the previous season. Valencia yield is projected at 1.65 gallons per box, unchanged from February but down from 1.68 last season.

♦**Grapefruit:** The March 1 forecast of the 1997-98 U.S. grapefruit crop was 2.64 million tons, down 3% from February and down 9% from last year's production. The Florida all grapefruit forecast of 50.0 million boxes (2.13 million tons) was down 4% from the previous forecast and down 10% from the production a year ago. The Texas grapefruit forecast remained at 4.60 million boxes (184,000 tons), down 13% from last season.

♦**Soybeans:** U.S. soybean exports for 1997/98 are forecasted at 950 million bushels, down slightly from the previous forecast, but still a record. U.S. soybean ending stocks are forecast at 255 million bushels, up 10 million bushels from the previous forecast because of reduced exports.

♦**Sugar:** U.S. sugar production in fiscal year 1997/98 is projected at 7.85 million short tons, down slightly from the previous forecast. Major areas storing beets have experienced above-normal temperatures and monthly beet sugar production has averaged lower than expected.

♦**Cattle.** March 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 10.37 million head, up 1% from a year earlier. Placements were down 19% from the previous year. Marketings of fed cattle were slightly above 1997. At mid-March, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$62 per cwt., up \$2.00 from mid-February. Large feedlot inventories will continue to pressure prices in the near-term. However, fed cattle prices should improve to the low \$70's per cwt toward the end of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800) pounds) were around \$74 per cwt at mid-March, down \$1.00 from mid-February.

♦**Hogs.** Hog slaughter during February was up 11% from the previous year. Average live weight was up 2 pounds from the previous year at 258 pounds. In recent weeks, hog slaughter has been running 10-12 percent above a year ago, higher than what would be expected from the December market hog estimates. This is partially due to increased imports of live hogs from Canada, which are up 44 percent for January and December combined. Prices at mid-March (Iowa-Southern Minnesota direct, 230-250 pounds) were \$34-35 per cwt., unchanged from mid-February.

♦**Other Livestock.** February **milk production** was up 1% from the previous year. Production per cow rose 2% which more than offset the 1% decrease in cow numbers. The February **Basic Formula Price (BFP)** was \$13.32 per cwt, up 7 cents from January. **Cheddar cheese prices** (U.S. 40-pound blocks, wholesale) increased 0.2 cents the first week of March but decreased 3.8 cents the second week. This suggests that the March BFP will likely decrease. During January, total **cheese** production was up 3.3% from the previous year, **butter** production was down 8.4%, and **nonfat dry milk** production was up

6.4%. **Sheep slaughter** for February totaled 309,000 head, down 6% from last year's number. The number of **layers** in U.S. flocks on hand February 1 was 2% above a year earlier with table egg layers up 1%, broiler-type hatching up 6%, and egg-type hatching down 5%. U.S. **egg production** for the 2nd quarter of 1998 is expected to be up about 3% from a year ago. During January, 1998, **egg production** was up 2% from the previous year. **Market egg production** was up 2% while **hatching egg production** was up 6%. Market **egg prices** for the 2nd quarter of 1998 are expected to average about 2 cents per dozen below a year ago. For the week ending March 14, cumulative **broiler placements** for 1998 in the 15 selected states was slightly above the same period a year earlier. The price for 2nd quarter is expected to be 1-3 cents below the 59.1 cents (12-city) of a year earlier. **Turkey production** during the 2nd quarter of 1998 is expected to be down 2% from a year ago. Prices (8-16 lb hens, Eastern Region) for the 2nd quarter of 1998 are expected to average 59-62 cents per pound compared with 66.1 cents a year earlier. **Supplies in refrigerated warehouses** the end of February compared with a year earlier were: chicken down 11%, turkeys up 16%, pork up 21%, beef up 24%, cheese down 1%, and frozen orange juice up 21%.

♦**Trade.** March U.S. **trade projections** for beef, rice, and cotton improved while soybeans declined slightly compared with last month. March projections for the volumes of **exports** for the 1997/98 marketing years compared to 1996/97 are: **wheat** up 7%, **corn** down 9%, **soybeans** up 8%, **rice** up 3%, and **cotton** up 9%. March projections for the volumes of meat exports in calendar 1998 compared to 1997 are: **beef** down 2%, **pork** down 5%, **broilers** up 2%, and **turkeys** up 2%. The Asian financial crisis contributed to a **record U.S. trade deficit** in January of \$12.0 billion, up from \$10.9 billion in December. The **U.S. agricultural trade** surplus was \$1.6 billion in January compared with \$1.98 billion in December.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.2% in February and rose 1.4% over the last 12 months. The **PPI** fell 0.1% in February; this followed a decrease of 0.7% in January. For the 12-month period ending in February, the PPI decreased 1.6%. The February **prime rate**, at 8.5%, has been unchanged since April 1997 and compares with 8.25% a year earlier. Compared to a year earlier, **feed prices** in February were down 11%, **feeder livestock and poultry** prices up 4%, **fertilizer** down 8%, **ag chemicals** up 6%, **farm machinery** up 2%, **seeds** up 3%, and **fuels** down 30%. The January 1, 1998 **U.S. farm real estate value**, including land and buildings, reached a new record high of \$1,000 per acre, 6% above a year ago. The **Corn Belt farm real estate values**, at \$1,869 per acre, showed the largest regional gain at 9% from 1997 and surpassed its prior all time high set back in 1981.

♦**World Weather and Crop Developments** (March 8-14). A cooling trend was accompanied by widespread rain and snow in most winter grain areas of the Former Soviet Union. In Europe, unseasonably cool, showery weather in most areas slowed winter grain development and early spring fieldwork. The fifth consecutive week of dryness in Morocco stressed winter grains in or nearing the heading stage. Continued dryness in eastern Australia favored mature summer crops while in the southwest autumn rains covered primary agricultural areas. In South Africa, showery, cooler weather slowed development of corn and other summer crops. In Rio Grande do Sul, Brazil and Northern Argentina, heavy showers slowed summer crop harvesting, while drier weather favored corn and sunflower harvesting in central Argentina. Timely rain benefited greening winter wheat across most of the North China Plain. In the U.S., a strong cold front brought sub-freezing temperatures as far south as central Texas and the Gulf of Mexico, **damaging fruit and nut trees** and slowing the growth of winter wheat, vegetables and early-planted field crops. The peach crop in Georgia, the Carolinas, and Texas suffered considerable **freeze damage** to early-blooming varieties and young trees. Blueberry, strawberry, and pecan growers reported freeze damage. The Corn Belt and Great Plains States experienced bitterly cold weather but **winter wheat** did not suffer significant damage. Snow cover protected the crop in the Northern Great Plains. Leaf burn was reported throughout the central and southern Plains, but wind and freeze damage was expected to be light. In Texas, early emerged corn was damaged by strong winds. Warm, sunny weather in California aided the progress of spring vegetables and helped dry out orchards and vineyards. Low-lying fields of small grains and alfalfa still slowed signs of stress from excessive moisture.

♦**Other News.** Agriculture Canada projects all **Canadian wheat production** for 1998/99 to be up 4%, **Durum** up 16%, and **canola** up 16%. **Farm market receipts** for 1998 are likely to decline to \$198 billion from \$201 billion in 1997, primarily due to lower grain and hog receipts. **Strong global trade prospects** and a market-oriented domestic agricultural policy combine for a favorable outlook for U.S. agriculture over the next 10 years. In USDA's long-term baseline projections, assumptions of generally favorable global economic growth, combined with liberalized trade associated with the Uruguay Round agreement and unilateral policy reforms, support strong expansion in global trade and in U.S. agricultural exports through the year 2007. Consumers are expected to pay between 2 and 3% more for food in 1998 than in 1997. If the increase is closer to 2%, it could be the smallest rise in the **Consumer Price Index (CPI) for food** since the early 1990's. Last year's retail food price increase was 2.6%.
